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Announcing the first "Manufactured Housing Edition"

The Department of Housing and Community Development (HCD) has published a general newsletter since the Department was created. Because of HCD's diverse responsibilities and constituency, *California Neighborhoods* has provided articles and information on a variety of housing issues. A recent telephone survey indicated that *California Neighborhoods* readers wanted a newsletter tailored more toward their individual needs. The survey results were consistent with an HCD employee suggestion that the Department narrow the focus of some editions of *California Neighborhoods* to provide more detailed information to different interests.

Based upon these reader and employee suggestions, HCD is unveiling the first Manufactured Housing Edition of *California Neighborhoods* specifically for California's mobilehome park managers and the manufactured housing industry. HCD will continue to publish newsletters providing general information on the Department's operations and housing issues. Throughout the year, we will also publish these more focused editions on manufactured housing/mobilehomes, housing and community development financing, and housing policy to provide our customers with more relevant and detailed information. As always, we would appreciate your input on the Department's activities and welcome any comments on the *California Neighborhoods* special editions. Our e-mail address is: Neighbor@hcd.ca.gov

Goodbye R&T backlog!

The registration and titling backlog began to develop when registration and titling fees established in 1981 no longer supported full staffing. Many of you know very well how it has impacted the mobilehome/manufactured housing industry. Between 1995 and 1997, staffing for the statewide Registration and Titling program (R&T) dropped from 114 to just 82. Recently, the legislature approved a loan to fund several vacant positions and twelve new employees have been hired. As our chart shows, they have already made a positive impact reducing the backlog that grew to over 340 days by August 1997. More gains should be seen in the coming months.

After 15 years and three other attempts to gain approval for a new computer system, HCD entered into a contract in September 1995 with Suncoast Scientific Inc. of Florida for the re-engineering of our programs. The contract calls for design, equipment installation and staff training with continuing support through the year 2001. Because there is

no funding to purchase the new system, Suncoast's designs must create labor savings to earn payment for their services. To date, several program functions have been redesigned saving the Department the equivalent of 14 full-time positions. Suncoast may be able to eliminate the need for as many as 73 positions and earn \$13.5 million over the life of the contract.

New computers have been installed, design testing and staff training are in progress and the new system will be placed into operation on December 8. This computerization will bring many improvements and changes. Transactions will be performed on-line, speeding the process and further supporting our efforts to eliminate the backlog. As an additional enhancement, the issuance of decals and stickers has been automated. Registration renewals paid at our district offices will be forwarded to Sacramento for centralized processing. Decals and stickers will no longer be issued from our district offices.

PREVENTING PERMIT REJECTIONS

The Codes and Standards Division maintains two “Area Offices,” the Northern Area Office located in Sacramento and the Southern Area Office in Riverside. Among other functions, these offices maintain public information and permit counters. Thousands of permits for a variety of construction and manufactured housing installations are issued annually. Contractors and owner/builders may mail permit applications to the office or, as in many cases, hand carry the applications to the public counters.

Unfortunately approximately 20 percent of the permit applications received from mobilehome/manufactured home installation contractors are returned unapproved. The primary reason for rejection of the application is failure of the applicant to provide the minimum information necessary to issue the permit. For example, within the mobilehome/manufactured home installation application, information relative to the home’s maximum electrical rating, and the park’s electrical rating, is required to be provided by the installer in order to determine compatibility of the electrical services. Many applications are received with the requested electrical information area completely blank. Failure of the installer to provide this information, which is critical to the homeowner’s safety, will delay issuance of the installation permit.

Other common areas of missing information with applications for mobilehome/manufactured home installation are Flood Plain Certificates and Plot Plans. Flood plain certification is required by local flood plain management jurisdictions who have adopted flood plain requirements and notified the Department of their ordinance. In those areas where a flood plain has been declared by the local flood plain agency, HCD requires the mobilehome/manufactured home installer to provide an endorsement by the local flood plain jurisdiction stating that where the home is proposed to be installed, it is not subject to any special flood mitigation requirements. HCD provides a form, HCD 547, “Floodplain Ordinance Compliance Certification” for the purpose. In some cases flood mitigation requirements include an elevated installation of the home one foot above the anticipated flood level. If there are special mitigation requirements, the Flood Plain Certificate endorsed by the building official will be specific, and through submission to HCD the mobilehome/manufactured home permit will state the special flood mitigation condition that the home installation shall meet. Endorsed Flood Plain Certificates are often missing and prevent the issuance of the installation permit until the installer can obtain the certificate from the local floodplain management official.

A second critical piece of information that often is not provided, or not fully completed, is the Plot Plan. The Plot

Plan is designed to illustrate the specific site of proposed installation of the mobilehome/manufactured home, relative to adjacent combustible structures and property lines. The plot plan also provides key information to the Department, information needed to reasonably insure that a mobilehome/manufactured home is not installed in an area that creates a violation of the Health and Safety Code. As an example of missing information, many plot plans are submitted without approval of the park operator to install the home, or a blank plot plan is submitted with the signature of the park operator, or many areas of the form are left blank. Department form HCD 538 “Mobilehome/Manufactured Home Plot Plan” is provided for this purpose, with complete instructions for completing the plot plan. The form HCD 538 also includes important code related information for the installer, information that can prevent expensive mistakes during the installation. Failure to provide the plot plan or providing incomplete plot plans will needlessly delay the issuance of the mobilehome/manufactured home installation permit.

In most cases just being in a hurry to obtain the permit and start the installation leads to an incomplete application. However rejected applications cost both the Department and the applicant time and money and can easily be prevented with a little more effort put into the application process prior to mailing or presenting the application at the Area Office public counters.

For more information about mobilehome/manufactured home installation permit requirements contact the Northern Area Office permit desk at (916) 255-2501 or 449-3024.

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Uniform Fire Sprinkler Regulations a Possibility

Manufactured homes are required to be constructed to preemptive federal standards established in federal regulations by the U.S. Department of Housing and Urban Development (HUD). The standards and supportive administrative regulations accommodate production line assembly procedures. The federal standards do not however, require or address fire sprinkler systems. Therefore, the state is free to regulate the subject if necessary. At this time, there is no single state standard for fire sprinklers in manufactured homes.

In California, 241 separate ordinances have been enacted by cities, counties, and special districts regarding fire suppression sprinkler systems. In 84 jurisdictions, a fire suppression sprinkler system is mandatory for all new single family homes. In some jurisdictions, fire sprinklers are an alternative to on-site water storage requirements for fire fighting. Unfortunately, the 84 separate jurisdictions have differing standards and inspection requirements. These differing requirements disrupt the repetitive nature of production line assembly of manufactured homes, adversely impacting costs to consumers.

At the request of the California Manufactured Housing Institute, the Office of the State Fire Marshal formed the Manufactured Housing/Residential Fire Sprinkler Partnering Group, in November 1996 for the purpose of exploring the

feasibility of one statewide fire sprinkler regulation for manufactured homes. The Group includes representatives from the Office of the State Fire Marshal, Department of Water Resources, HCD, CMHI, Western Homes, Fleetwood Homes, and several local fire marshals. The Group conducted eight day-long meetings between November 1996 and September 1997. The result of the discussions is a draft of regulations for possible adoption by HCD.

The draft regulations, if adopted by HCD, will establish plan approval, inspection and testing requirements utilizing HCD's existing program of plan checking by private Design Approval Agencies, and in-plant inspection by private Quality Assurance Agencies. The provisions of the 1996 edition of the National Fire Protection Association, Standard 13-D, titled *One and Two Family Dwellings and Manufactured Homes-Sprinkler Systems*, are the proposed standards for design, material standards and installation of fire sprinkler systems. The draft is now in circulation for review and comment on an informal basis. In December the Group will meet again and review received comments, and make necessary adjustments to the proposal. Thereafter, HCD may propose adoption and hold public hearings in 1998. Contact our Manufactured Housing Program Office at (916) 445-3338 if you would like a copy of the draft regulations.

Dealer Audits Reveal Violations

During 1996 and 1997 the Division of Codes and Standards has audited over 52 commercial coach dealers for compliance with state laws establishing insignia of approval, and registration and titling requirements. The audits discovered some dealers violating state laws resulting in the issuance of citations with monetary fines, and in the worst cases, administrative action to discipline the license. The license issued to American Mobile Space of Alameda County is now revoked, others have been placed on probation, and thousand of dollars in penalties have been collected. Dealers of commercial coaches may avoid such unpleasant discipline by adhering to state laws that require:

- All commercial coaches rented, leased, sold, or *used* in this state, to bear HCD insignia of approval.
- All sales, rents, leases, or other transfers to be reported within ten days of the transaction.
- Reporting lease terminations to exempt entities. When a commercial coach has been rented or leased to an entity qualifying for exemption from registration fees, such exemption ends upon termination of the entity's use of the commercial coach.

When in doubt, dealers should call our offices for clarification.

Continuing Education

Manufactured home dealers and salespersons are required by law to take continuing education courses every two years prior to renewal of their licenses. The number of clock hours of education that must be completed prior to license renewal varies, depending on the renewal period. Those renewing their license for the first time must complete a minimum of 24 clock hours in approved courses on certain specified topics such as Laws and Regulations, Escrow, Advertising and Misrepresentation, etc. A minimum of 12 clock hours are required for the second renewal and a minimum of six clock hours for the third and subsequent renewals. Licensees subject to less than 24 clock hours must complete an approved course in Laws and Regulations Update, but may earn the balance of the required clock hours in any subject.

Currently all approved courses in Laws and Regulations Update are a minimum of six clock hours. Those persons who need only six clock hours for renewal will have to take additional clock hours if they want to receive training in subjects other than Laws and Regulations Update. The Department encourages current course providers, and others interested in becoming approved course providers, to develop a two or three hour Laws and Regulations Update course which may be taken in conjunction with approved courses on other topics of interest to licensees.

Regulation Changes

The Department of Housing and Community Development recently held public hearings on proposed changes to the Occupational Licensing regulations in Title 25, Chapter 4, that govern the sale of manufactured homes and commercial coaches, the licensing of manufacturers, dealers and salespersons, and preliminary and continuing education requirements for licensees. The purpose of the proposed regulation changes is to eliminate or reduce unnecessary regulatory burdens and repeal outdated provisions. Comments received prior to the close of the hearing are being reviewed, and where appropriate, are being included as part of the proposed regulations changes. Once the proposed regulations are finalized and adopted, they will be transmitted to the Office of Administrative Law for review and approval.

The Department appreciates those who submitted comments. Public participation is the key to a good regulatory program. We anticipate the regulatory changes to be effective before the end of this year.

Proper repair records \$ave money

Since June 1976, the regulations of the U.S. Department of Housing and Urban Development (HUD) require manufactured home manufacturers to be the 'keeper of the record' for everything that happens to a manufactured home during the manufacturing process, delivery and occupancy by the consumer. Those files contain valuable information, but if not properly maintained, can become misleading and troublesome.

Manufacturers should pay close attention to HUD's regulations in 24CFR3282, Subpart I, *Consumer Complaint Handling and Remedial Actions*. Subpart I establishes procedures for manufacturers to investigate potential violations of the HUD construction standards, and in serious cases, carry out an investigation to determine how many homes may contain the same problem, and conduct remedial campaigns to correct the violations.

There is no time limit to the Subpart I procedures. Construction defects reported to a manufacturer on a home built ten years ago may require investigation and/or possible correction the same as one that just was delivered from the factory. Defects in construction happen, but there are several ways to minimize or eliminate investigations with proper records.

Service Repair Orders often will document a problem in a home as described by the customer, but seldom what the problem *actually* was found to be by the service person. For example, consider the following case: A customer letter reported, "No power to receptacles in dining room, breaker trips." The service person discovered that the installation contractor did not make the electrical connection between the 'A' and 'B' units properly and repaired it in minutes. Unfortunately, the problem and quick repair was not documented in the

manufacturer's records. Some time later, another similar sounding electrical problem was reported to the manufacturer by a customer. The two problems were very similarly written by the customers and the manufacturer's records did not explain the actual problem discovered by the service person when making the correction to the first home. The reported problem in the second home created the appearance, under the provisions of Subpart I, of a class of homes with a systematically introduced electrical violation. An investigation was required to determine if a class did exist. If records of the first home had properly explained the problem and repair, there would not have been the appearance of a class and an investigation would not have been necessary other than needed for the second home.

Disclosure

Myth

Some of our dealers and salespersons seem to believe that the sale of a manufactured home that does not bear either a Department Insignia or Federal Label is not a violation, as long as the absence of the Insignia or Label is disclosed to the purchaser. This misunderstanding seems to be even more popular with real estate brokers and salespersons.

The fact is that Chapter 812 of the 1996 Statutes, that became effective on January 1, 1997, provided for disclosure by dealers, brokers and salespersons of structural, fire safety, plumbing, heat-producing and electrical systems and equipment defects in a manufactured home in lieu of the criminal penalties previously imposed by Health and Safety Code Section 18025.

A Department Insignia or Federal Label continues to be required by Health and Safety Code Section 18026 and neither the requirement nor the associated criminal penalties for violation of this provision of law are affected by disclosure.

Refinement

Other 1996 legislation established a *Mobilehome-Manufactured Home Resale Disclosure Form Task Force* to develop a Transfer Disclosure Statement for Manufactured Homes similar to that currently required for conventional housing resales. The Task Force has met twice and another meeting is scheduled for early December. The only issues currently being debated by Task Force members are those related to the disclosure of information unrelated to the manufactured home. Since most manufactured homes are in mobilehome parks and the seller of a home is not selling any interest in the park, it would seem logical that the seller and the seller's agent could only disclose information related to the home. However, those familiar with the disclosure for conventional housing believe that the disclosure of information on both the home and the underlying real property should be required.